

*Investment Committee Meeting
Held at the Office of the Policemen's Annuity and Benefit Fund of Chicago (the Fund)
Held on May 28, 2019*

Presiding: Trustee and Investment Committee Chair: Mr. Thomas Beyna

Present: Trustees: Ms. Melissa Conyers-Irvin, Ms. Carol Hamburger, Mr. Michael Lappe, and Mr. Edward Wodnicki

Not Present: Trustees: Ms. Jennie Huang- Bennett, Ms. Susie Park, Mr. Brian Wright,

Trustee staff: Mr. Tariq Malhance and Maricio Banvelos of the City Treasurer's Office; Mr. Marty Johnson of the Chief Financial Officer's Office

Fund Office: Mr. Kenneth Kaczmarz, Interim Executive Director, Ms. Caroline Vullmahn, Comptroller and Sebastian Medina and Jackson Lockard Interns.

NEPC, LLC Mr. Kevin Leonard, Partner, Kristen Finney Senior Consultant and Ms. DeAnna Jones, Senior Consulting Specialist

Others Ms. Rosemarie Giambalvo and Roberto Gonzalez, Fund Annuitant members, Ms. Grace Del Vecchio, reporter Forbes, Mauro Tecura, reporter City Bureau, Matthew Norris, reporter City Bureau

President Beyna called the meeting to order at approximately 9:15 a.m.

I. Cash Flow Update

Ms. Caroline Vullmahn, Comptroller of the Policemen's Annuity and Benefit Fund of Chicago (PABF or the Fund), began her presentation regarding the Fund's cash flow. Ms. Vullmahn provided the Committee members a PABF Cash Flow worksheet which was distributed and shows the Fund's cash balances, expected benefit payments, other expenses for the month, and the resulting expected cash on hand as of May 31, 2019. Ms. Vullmahn indicated that at the end of the month, the cash balance is anticipated to be approximately \$237.8 million. Ms. Vullmahn also indicated that the Fund has pending Capital Calls totaling \$80 million that might reduce the available cash over the next several months.

Ms. Vullmahn explained the details pertaining to the Tax Receipts information provided on the Cash flow worksheet. Ms. Vullmahn indicated the amounts attributable from the receipts for each individual Levy and Payment year along with information on the amounts received through the Fund's ability to "Intercept" funds directly from the State of Illinois Comptroller's Office for outstanding balances on each year's Levy.

II. Formal 1st Quarter 2019 Performance Analysis and Discussion

Mr. Kevin Leonard, Ms. DeAnna Jones and Ms. Kristin Finney-Cook of NEPC reviewed the Fund's formal Quarterly Investment Performance report for March 31, 2019. Mr. Leonard began his comments by stating that the Fund, valued at \$2.6 billion at March 31, 2019 returned 7.24% for the quarter. The Fund's 42% allocation to Domestic and International equities led the way with returns of 11.88% and 11.76% respectively. The Fund's Fixed Income investments also had a tremendous quarter, returning 3% overall.

Mr. Leonard noted that the Fund determined to move away from Private equity several years ago and the current over allocation to Fixed income is a result of that decision. The Fund's current allocation of 27.75% to Fixed Income investments is currently overweight its target of 22.00 %, while only .67% of the Fund is allocated to Private Equity compared to the target allocation of 5.00%. The Fund is currently reviewing its Fixed Income investments and can revisit Private Equity this summer.

III. TNT Performance Flash at April 29, 2019 (unaudited)

Kevin Leonard and Ms. DeAnne Jones of NEPC reviewed the unaudited Performance Flash of April 29, 2019 provided by the Fund's Custodian Bank, The Northern Trust Bank. The report indicates that the total Fund returned 1.8% in April of 2019. Equity returns led the way with Us Equities outperforming Non-Us 4.02% to 2.58% for the same time period. Year to date for the four months ended April 30, 2019 shows the Fund returning 9.14% above its policy benchmark of 8.62% for the same period.

IV. Fixed Income Core and Core Plus RFP

Ms. DeAnne Jones reported that 43 firms have provided a response to the Fund's request for RFP in its search for Core Fixed Income manager and 25 have responded in the Fund's search for Core-Plus Fixed Income Manager. The Fund's existing Incumbent managers in these categories have also responded. They are aware that they are re-competing for the mandate. Ms. Jones reports that NEPC will provide summary reports and recommendations based on both Quantitative and Qualitative criteria at the June 2019 meeting with interviews being scheduled for July after the Board selects finalists for each mandate.

V. Miscellaneous

A motion was made by Trustee Hamburger, seconded by Trustee Lappe to go into executive session under 2 (c) (7)

ROLL CALL

For: Beyna, Conyers-Irvin, Hamburger, Lappe, and Wodnicki, (5)
Against: None (0)
Absent: Huang-Bennett, Park and Wright (3)

Upon Completion of the Executive Session;

A motion was made by Trustee Hamburger, seconded by Trustee Lappe to come out of Executive Session

ROLL CALL

For: Beyna, Conyers-Irvin, Hamburger, Lappe, and Wodnicki, (5)
Against: None (0)
Absent: Huang-Bennett, Park and Wright (3)

Mr. Beyna asked if there was any member of the Public present that desired to address the Committee.
There were none.

A motion was then made by Trustee Hamburger, seconded by Trustee Lappe to adjourn the meeting.

ROLL CALL

For: Beyna, Conyers-Irvin, Hamburger, Lappe, and Wodnicki, (5)
Against: None (0)
Absent: Huang-Bennett, Park and Wright (3)

Respectfully submitted,



Brian Wright

Recording Secretary of the Board of Trustees
Investment Committee Member